GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:433
ANSWERED ON:31.03.2017
Banking in Rural Areas
Arunmozhithevan Shri A.

Will the Minister of FINANCE be pleased to state:

(a) whether banking services still remain a distant dream for many villagers especially in tribal areas, and that too at a time when the Government is planning towards cashless digital transactions and if so, the details thereof;
(b) whether the people living in remote areas are still continuing with the old barter system and if so, the details thereof and the reasons therefor; and
(c) whether the Government had asked the Public Sector Banks to explore opening of their branches in places where there are no branches of the banks and if so, the details thereof and the corrective steps taken by the Government in this regard?

Answer

THE FINANCE MINISTER

(a) to (c):- A Statement is laid on the Table of the House.
*****

Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No.*433 (13th Position) for 31st March, 2017 by Shri A. Arunmozhithevan, M.P. regarding "Banking in Rural Areas"
(a) and (b) Government launched Pradhan Mantri Jan Dhan Yojana (PMJDY) as the National Mission on Financial Inclusion with the objective of covering all households in the country with banking facilities and having a bank account for each household. Under this, as on 22.3.2017, 28.08 crore accounts have been opened, out of which 16.84 crore are in rural areas. To enable digital payments, 21.95 crore PMJDY accountholders have been issued RuPay debit cards. Bank Mitras, using the Aadhaar-Enabled Payment System, provide fund transfer service between Aadhaar-seeded accounts. In addition, the Unstructured Supplementary Service Data (USSD) platform is enabling digital payment using feature phones without Internet. Information regarding traditional transaction systems like the barter system is not centrally maintained.
(c) Reserve Bank of India (RBI), vide its circular dated 31.12.2015, advised State Level Bankers' Committee convener banks to identify villages with population above 5,000, without a bank branch of a scheduled commercial bank, in their State. The circular further states that the identified villages may be allotted among scheduled commercial banks (including Regional Rural Banks) for opening of branches. In addition, to promote financial inclusion and to extend the banking network in unbanked areas, general permission has been granted by RBI to domestic scheduled commercial banks, including public sector banks (excluding Regional Rural Banks), to open branches at any place in the country, without seeking prior approval of RBI in each case, subject to at least 25 percent of the total number of branches opened during a financial year being opened in unbanked rural (Tier 5 and Tier 6) centres (population upto 9,999). RBI has also specified that the total number of branches opened in Tier 1 centres (population 1,00,000 and above) during the financial year cannot exceed the total number of branches opened in Tier 2 to Tier 6 centres (population upto 99,999) and all centres in the North Eastern States and Sikkim. To improve access to banking services, banking correspondents have been deployed in Sub Service Areas that did not have a bank branch.
*****